

Message Text

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PAGE 01 BRASIL 07400 272116Z

11

ACTION EB-11

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QUOTE

LIMITED OFFICIAL USE RIO DE JANEIRO 3583

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TAGS: EMIN, ETRD, BR

SUBJECT: QUARTZ EXPORTS

REF: STATE 203440

SUMMARY. BRAZIL, VIRUTALLY THE ONLY PRODUCER OF QUARTZ CRYSTAL MATERIALS, HAS "TEMPORARILY SUSPENDED" ALL QUARTZ EXPORTS DUE TO ALLEGED UNDER-INVOICING BY SIX EXPORTERS. CACEX OFFICIAL BELIEVES DECISION ON RESUMPTION OF EXPORTS WILL BE TAKEN BY END OF MONTH. END SUMMARY.

1. FOLLOWING REPORT IS BASED ON INFORMATION FROM PRESS, MINERALS INDUSTRY AND BANK OF BRAZIL SOURCES.

2. CACEX (FOREIGN TRADE DIVISION OF BANK OF BRAZIL) "TEMPORARILY SUSPENDEF." EFFECTIVE SEPTEMBER 15, 1974, EXPORTS OF ALL QUARTZ MATERIALS. INCLUDING LASCAS. ACCORDING TO LOCAL PRESS AND TRADE SOURCES, CACEX ACTION RESULTED FROM GOB INVESTIGATION SHOWING THAT SIX EXPORTERS WERE UNDER-INVOICING THEIR SHIPMENTS, ALLEGEDLY PAYING

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PAGE 02 BRASIL 07400 272116Z

"GARIMPEIROS" (SMALL GROUPS OF INDIVIDUAL MINERS) \$1.40

PER KG AND LISTING EXPORT VALUE AT \$US0.50 PER KG.
ACCORDING TO PRESS REPORTS, THESE PRICES COMPARE WITH \$30
TO \$70 PER KG (DEPENDING ON GRADE) WHICH U.S. RECEIVES
FROM ITS SALES OF QUARTZ CRYSTAL STOCKS, WHICH ARE SAID
TO TOTAL 2,000 MT OF MATERIAL PURCHASED FROM BRAZIL OVER
MANY YEARS. THE SIX BRAZILIAN FIRMS ARE FREDERICO
HEIBORN COMERICO E INDUSTRIA S.A.; JAYME CASIUCH MINERIOS
S.A.; BRASILIA QUARTZO LTDA.; GOIANAIA IMPORTADORA E
EXPORTADORA S.A.; EMPRESA BRASILEIRA MINERACAO S.A. (ALL
LOCATED IN RIO); AND EXPORTADORA DE MINERIOS BAHIA LTDA.
(STATE OF BAHIA).

3. NATIONAL COUNCIL OF FOREIGN TRADE (CONCEX) IS STUDYING
VARIOUS MEANS TO RESUME QUARTZ EXPORTS. ONE POSSIBILITY
REPORTEDLY IS FIXED MINIMUM EXPORT PRICES FOR FIRST,
SECOND AND THIRD GRADES. SUCH PRICES HAVE NOT YET BEEN
DETERMINED, BUT THEY WOULD BE PEGGED CLOSE TO SELLING
PRICE OF U.S. STOCKS OF QUARTZ CRYSTAL. ANOTHER POSSIBLE
MEANS WOULD ENTAIL QUOTAS FOR EACH EXPORTER, WITH GOB
RECEIVING 60 PERCENT OF MINIMUM ESTABLISHED PRICE, WHICH
WOUDL BE USED TO DEVELOP DOMESTIC QUARTZ CRYSTAL INDUSTRY.
ANOTHER REPORTED POSSIBILITY IS CLASSIFICATION INTO
ONLY TWO INSTEAD OF THREE GRADES TO FACILITATE INSPECTION.

4. CACEX OFFICIAL HASP PRIVATELY CONFIRMED THAT CONCEX IS
CURRENTLY WORKING ON MATTER AND BELIEVES DECISION ON
RESUMPTION OF EXPORTS WILL BE TAKEN BY END OF MONTH. HE
DOWNPLAYD ALLEGATIONS MADE AGAINST EXPORHERS, STATING
THAT CACEX IS PERMITTING THEM TO SHIP OTHER MINERALS. AS
TO ACTUAL REASON FOR EXPORT EMBARGO, HE INDICATED THAT
BRAZILIAN EXPORTS SO FAR THIS YEAR WERE UNEXPECTEDLY
HIGHER THAN IN PREVIOUS YEARS AND GOB WANTS TO FIND OUT WHY.

5. AS RESULT GOB ACTION ON QUARTZ, SPECULATION HAS ARISEN
WITHIN SOME SEGMENTS OF LOCAL MINERALS INDUSTRY THAT
MEASURES MAY BE TAKEN TO ENSURE THAT OTHER MINERAL EXPORTS
ARE NOT UNDER-INVOICED.

6. DNPM (MINISTRY OF MINES' DEPARTMENT OF MINERALL PRODUCTION)
RECENTLY PUBLISHED IN PORTUGUESE AN "ANALYTICAL PROFILLE" ON
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PAGE 03 BRASIL 07400 272116Z

QUARTZ. ALTHOUGH INFO AND DATA CONTAINED IN IT ARE ABOUT ONE
YEAR OLD, REPORT IS CONSIDERED THE MOST THOROUGH EXAMINATION
OF ALL ASPECTS OF BRAZIL'S QUARTZ CRYSTAL INDUSTRY. COPY IS
BEING POUCHED TO ARA/BR.

7. FYI: BRAZILIAN EXPORTS OF NATUAL RAW QUARTZ CRYSTAL
IN 1973 TOTALED 395 MT, INVOICED AT \$653,000 (FOB). PRINCIPAL
CUSTOMERS WERE JAPAN (156MT), HONG KONG (111 MT), WEST GERMANY

(32 MT) AND U.S. (26 MT). BRAZILIAN LASCA EXPORTS IN 1973
TOTALED 3,933 MT, INVOICED AT \$1.9 MILLION (FOB). PRINCIPAL
CUSTOMERS WERE WEST GERMANY (1,522.5), FRANCE (640 MT), JAPAN
(538 MT), U.S. (430 MT), POLANT (295 MT), AND UK (233MT).
END FYI.

8. WOULD APPRECIATE WASHINGTON COMMENTS ON STATEMENTS
ABOVE CONCERNING U.S. STOCKS AND PRICES. MILLER UNQUOTE
CRIMMINS

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